

## Message Text

LIMITED OFFICIAL USE

PAGE 01 VIENNA 07263 201640Z

41

ACTION IO-14

INFO OCT-01 ISO-00 AF-10 ARA-16 EA-11 EUR-25 NEA-14 RSC-01

DRC-01 EB-11 AID-20 COME-00 LAB-06 SIL-01 TRSE-00

AGR-20 SWF-02 HUD-02 CU-05 HEW-08 CIAE-00 FRB-03

INR-11 NSAE-00 XMB-07 OPIC-12 SP-03 CIEP-03 OMB-01

PRS-01 PA-04 USIA-15 NSC-07 SS-20 STR-08 CEA-02 /265 W

----- 128689

R 201450Z AUG 74

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC 3551

INFO USMISSION USUN

LIMITED OFFICIAL USE VIENNA 7263

E.O. 11652: N/A

TAGS: UNIDO, OCON, EAID

SUBJECT: UNIDO-II REPORT OF EXPERT GROUP ON  
INTERNATIONAL INDUSTRIAL COOPERATION

REF: VIENNA 6969

SUMMARY: FOLLOWING ARE MISSION IMPRESSIONS BASED ON  
PERUSAL OF DRAFT REPORT OF PARIS EXPERT GROUP MEETING  
ON INTERNATIONAL INDUSTRIAL COOPERATION (REFTEL).  
END SUMMARY.

1. ALTHOUGH REPORT INCORPORATES VARIOUS OBSERVATIONS  
AND CONCLUSIONS WITH WHICH WE WOULD AGREE (E.G.,  
REAFFIRMATION OF PROPOSITION CONTAINED IN CDP 10TH  
SESSION REPORT THAT INDUSTRIALIZATION MUST CONTINUE  
TO BE A "CENTERPIECE OF THE DEVELOPMENT PROCESS";  
THAT INDUSTRY MUST FIRST AIM TO SATISFY BASIC REQUIRE-  
MENTS OF THE MASSES; AND THAT THE PROCESSING OF FOOD,  
THE SUPPLYING OF REQUISITES FOR AGRICULTURAL

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 VIENNA 07263 201640Z

MODERNIZATION, THE PRODUCTION OF CONSTRUCTION

MATERIALS AND HOUSEHOLD GOODS, CLOTHING, SHOES AND MATERIAL FOR CULTURE AND HEALTH OFFER STARTING POINTS FOR INDUSTRIAL DEVELOPMENT), ITS BASIC THRUST GIVES US PROBLEMS.

2. IN THE VIEW OF THE EXPERTS, THE LIMA CONFERENCE WOULD BE A MAJOR OCCASION TO IMPLEMENT IN THE INDUSTRIAL FIELD THE EXCELLENT PRINCIPLES" OF THE NEW INTERNATIONAL ECONOMIC ORDER EXPOUNDED BY THE SIXTH SPECIAL GA. THEY CALL FOR ADOPTION OF A PLAN OF ACTION WHICH WOULD ESTABLISH A SYSTEM OF INTERGOVERNMENTAL CONSULTATION AND NEGOTIATION AIMED AT ACHIEVING GLOBAL INDUSTRIAL RATIONALITY THROUGH A MAJOR REDEPLOYMENT OF INDUSTRIES TOWARDS THE DEVELOPING COUNTRIES. THIS APPROACH IS IN LINE WITH THE SECRETARIAT'S THINKING CONTAINED IN ID/B/L. 167 WHICH THE EXPERTS GENERALLY ENDORSE. IT IS ALSO SIMILAR TO THAT EXPOUNDED BY THE PHILIPPINES AT PCIV/IDB-VIII. (VEGA, WHO DELIVERED PHILIPPINE SPEECHES, WAS MEMBER OF GROUP OF EXPERTS).

3. AS REGARDS THE ROLE OF PRIVATE BUSINESS DECISIONS IN RESHAPING THE STRUCTURE OF WORLD INDUSTRY, THE GROUP, HAVING IDENTIFIED THE TRANSNATIONAL CORPORATION AS ONE OF TWO PRINCIPAL AGENTS FOR RECENT INDUSTRIAL DEVELOPMENT IN DEVELOPING COUNTRIES (THE OTHER BEING DOMESTIC PUBLIC ENTERPRISE) TAKES THE POSITION THAT THE ACHIEVEMENT OF A MORE RATIONAL INDUSTRIAL WORLD STRUCTURE CANNOT BE LEFT TO THE INITIATIVE OF SUCH CORPORATIONS WHOSE POWER MUST IN ANY CASE BE CURTAILED. APART FROM THE QUESTION OF THE ROLE OF TRANSNATIONAL CORPORATIONS AS SUCH, THE GROUP'S OPINION IS THAT THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER SHOULD NOT BE LEFT TO MARKET MECHANISMS. IN THIS CONNECTION, THE EXPERTS SUGGEST THAT INTERGOVERNMENTAL CONSULTATIONS COULD ARISE IN PRIORITY, AT STRENGTHENING THE PUBLIC SECTOR IN VARIOUS DEVELOPING COUNTRIES."

4. THE EXPERTS PROPOSED THAT UNIDO UNDERTAKE VARIOUS NEW FUNCTIONS IN ORDER TO HELP IMPLEMENT IN THE INDUSTRIAL FIELD THE PRINCIPLES OF THE NEW INTERNATIONAL LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 VIENNA 07263 201640Z

ECONOMIC ORDER, I.E., TO COLLECT DATA AND PREPARE GLOBAL STUDIES AND FORECASTS WHICH WOULD PROVIDE COMMON GROUND FOR INTERGOVERNMENTAL DECISIONS LEADING TO CHANGES BENEFICIAL TO THE DEVELOPING COUNTRIES; TO PROVIDE A FORUM FOR THE INTERGOVERNMENTAL CONSULTATIONS AND NEGOTIATIONS REFERRED TO ABOVE; TO ASSIST THE DEVELOPING COUNTRIES TO ACHIEVE THEIR DEVELOPMENT OBJECTIVES THROUGH THIS PROCESS; TO PROPOSE FORMS AND INSTRUMENTS

OF INDUSTRIAL COOPERATION, SUCH AS CODES OF CONDUCT, LONG-TERM DEVELOPMENT CONTRACTS, CO-PRODUCTION AGREEMENTS, ETC., AND TO INCREASE ITS COORDINATING ROLE WITH OTHER UN AGENCIES, INCLUDING THE WORLD BANK. IN SUM, UNIDO SHOULD PROVIDE THE FRAMEWORK WITHIN WHICH INTER-GOVERNMENTAL CONSULTATIONS AND NEGOTIATIONS DESIGNED TO ESTABLISH THE NEW INDUSTRIAL ORDER WOULD TAKE PLACE.

5. AS REGARDS THE KINDS OF INDUSTRY WHICH WOULD LEND THEMSELVES TO IMPORTANT RELOCATION, THE EXPERTS MENTION THOSE WITH A HIGH LABOR CONTENT, THOSE REQUIRING LARGE QUANTITIES OF SPACE AND WATER WHICH SHOULD MOVE OUT OF DENSELY POPULATED AREAS, AND THOSE PROCESSING RAW MATERIALS OR CONSUMING LARGE AMOUNTS OF ENERGY. A BASIC GUIDING PRINCIPLE SUGGESTED IS THAT IF THERE IS A RECOGNIZABLE COMPARATIVE ADVANTAGE FOR DEVELOPING COUNTRIES IT SHOULD BE EXPLOITED AND INDUSTRIALIZED COUNTRIES SHOULD BE READY TO ACCEPT THE CONSEQUENTIAL INDUSTRIAL REDEPLOYMENT.

6. THE EXPERTS ALSO BRIEFLY TOUCH UPON SUCH MATTERS AS (A) READJUSTMENT ASSISTANCE WHICH IN THEIR VIEW SHOULD BE DIRECTED TOWARDS FACILITATING INTERSECTORAL (AS WELL AS INTRA-SECTORAL) SHIFTS OF INDUSTRY AND TOWARDS PROVIDING SPECIAL INCENTIVES TO ENTERPRISE TO MOVE PRODUCTION TO DEVELOPING COUNTRIES AND (B) TRANSPORT AND SHIPPING, CALLING FOR GREATER PARTICIPATION IN CARRIAGE OF IMPORTS AND EXPORTS BY THE DEVELOPING COUNTRIES THEMSELVES. DEVELOPING COUNTRIES ARE ALSO CALLED UPON TO COORDINATE THEIR POSITIONS AT REGIONAL AND INTER-REGIONAL LEVELS AND TO OPERATE IN "A SOLIDARY MANNER" IN PUSHING FOR A NEW INTERNATIONAL ECONOMIC STRUCTURE.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 VIENNA 07263 201640Z

7. THE REPORT IS EXPECTED TO BE SUBMITTED TO THE DEC-JAN SESSION OF THE PREPARATORY COMMITTEE. UNDOUBTEDLY, MANY OF THE VIEWS EXPRESSED THEREIN WILL BE SEIZED UPON BY THE G77 TO SUPPORT THEIR OWN POSITIONS. ITS CALL FOR A NEW INTERNATIONAL DIVISION OF LABOR TO BE ACHIEVED WITHIN THE FRAMEWORK OF THE PROGRAM OF ACTION CONTAINED IN RES 3202(S-VI) AND ITS CALL ON THE DEVELOPED COUNTRIES TO CONSIDER SERIOUSLY THE "POLICY IMPLICATIONS OF THEIR ACCEPTANCE OF THE PROGRAM OF ACTION" ADOPTED BY THE SIXTH GA WOULD APPEAR TO RAISE THE SAME RANGE OF ISSUES AS WE FACED AT THE 57TH ECOSOC. STIBRAVY

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** INDUSTRY, MEETING REPORTS, INTERGOVERNMENTAL COOPERATION  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 20 AUG 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974VIENNA07263  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740229-0577  
**From:** VIENNA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19740832/aaaabawr.tel  
**Line Count:** 167  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION IO  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** VIENNA 6969  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** golinofr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 20 MAR 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <20 MAR 2002 by shawdg>; APPROVED <15 MAY 2002 by golinofr>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** UNIDO-II REPORT OF EXPERT GROUP ON INTERNATIONAL INDUSTRIAL COOPERATION  
**TAGS:** OCON, EAID, UNIDO  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005